

**UTAH HIGHER EDUCATION ASSISTANCE AUTHORITY
BOARD OF DIRECTORS MEETING
MINUTES**

**Board of Regents Building, The Gateway
60 South 400 West
Salt Lake City, UT 84101-1248**

December 3, 2015

Members Present

Mr. Edward Alter
Mr. Arnold Combe
Ms. Lisa-Michele Church
Mr. David Feitz
Mr. Fred Hunsaker
Dr. Steve Nadauld
Dr. Greg Stauffer
Mr. Mark Stoddard, Chair
Dr. Norm Tarbox
Ms. Joyce P. Valdez

Mr. Troy Runnells
Mr. Todd Schneider
Mr. David Schwanke
Mr. Travis Soto
Ms. Michele Swaner
Mr. Jimi Thompson
Ms. Lynne Ward
Mr. Randy Willardsen
Ms. Audry Wood

Staff Present

Mr. Ronell Crossley
Mr. Scott Dansie
Mr. Charles Downer
Mr. Richard Ellis
Mr. Bob McRae
Mr. Paul Packard
Ms. Jessica Payne
Ms. Ashley Reyes
Mr. Steve Rogers

Others Present

Mr. Massi DeSantis
Dimensional Fund Advisors
Mr. Kevin Olsen
Assistant Attorney General
Mr. Spencer Pratt
Legislative Fiscal Analyst
Mr. Ashish Shrestha
Dimensional Fund Advisors
Mr. Marty Watkins
TrueNorth Wealth

Chair Stoddard called the meeting to order at 10:07 a.m. and declared the presence of a quorum. Commissioner Buhler, Mr. Jensen, and Mr. Marquardt were excused.

It was moved by Mr. Hunsaker and seconded by Ms. Church to convene in closed session for the purpose of discussing fiduciary or commercial information as authorized in Utah Code Section 52-4-205. The motion carried unanimously.

It was moved by Mr. Hunsaker and seconded by Mr. Alter to reconvene the UHEAA Board in open session. The motion carried unanimously.

The first agenda item discussed was UHEAA Board Report I-A, Minutes of the August 27, 2015 Meeting.

It was moved by Mr. Hunsaker and seconded by Dr. Nadauld to approve the minutes of the August 27, 2015, Board of Directors Meeting. The motion carried unanimously.

The next agenda item discussed was UHEAA Board Report I-B, Investment Reports. Mr. Schwanke summarized investment activity for the months of July 2015 and September 2015.

It was moved by Dr. Nadauld and seconded by Ms. Church to approve the Investment Reports. The motion carried unanimously.

The next agenda item discussed was UHEAA Board Report I-C, Report of the Audit Committee.

It was moved by Mr. Alter and seconded by Mr. Hunsaker to approve the Report of the Audit Committee. The motion carried unanimously.

The next agenda item discussed was UHEAA Board Report I-D, Proposed Fiscal Year 2017 Meeting Schedule. Mr. Feitz reviewed the proposed Fiscal Year 2017 meeting schedule and reminded the Board about the remaining Fiscal Year 2016 meeting dates.

It was moved by Dr. Nadauld and seconded by Mr. Hunsaker to approve the proposed Fiscal Year 2017 meeting schedule. The motion carried unanimously.

The next agenda item discussed was UESP Board Report II-A, UESP Executive Director's Report. Ms. Ward requested a motion to approve the UESP Investment Reports for the UESP Administrative and Endowment Funds as of October 31, 2015, as presented in the closed session.

It was moved by Mr. Hunsaker and seconded by Ms. Church to approve the October 31, 2015 UESP Investment Reports and UESP Administrative and Endowment Funds. The motion carried unanimously.

The next agenda item discussed was UESP Board Report II-B, UESP Informational Report. Ms. Ward shared UESP's new commercials. She suggested the UHEAA Board name be changed to Utah College Assistance Board (UCAB) during the 2016 general legislative session. Dr. Nadauld suggested a name change may be confusing to the public. Ms. Ward reviewed the FDIC-insured account interest rate comparison under Tab II-B-1. She highlighted an article published by Money, "Smart Ways to Chip In for College," which highlighted UESP for being a "low-cost plan." Ms. Ward reviewed the Investment Option Performance as of October 31, 2015, under Tab II-B-7. Ms. Ward highlighted the bookmarks made by the winners of the Make Your Mark Contest.

The next agenda item discussed was UHEAA Board Report III-A, Student Loan Default Rates. Mr. Feitz remarked UHEAA continues to have one of the lowest cohort default rates in the nation at 3.7% compared to a national rate of 11.8%.

He noted several proposals have been made to require institutions to share in the cost of defaulted student loans. He summarized a proposal in Congress by Senators Shaheen and Hatch, which would have an estimated cost to USHE institutions of \$29.5 million in the first year after enactment. He indicated UHEAA and the Office of the Commissioner of Higher Education (OCHE) are closely following the bill. Responding to questions from Chair Stoddard and Dr. Nadauld about what campuses can do to mitigate the risk and how this proposal may impact specific programs of study, Mr. Feitz confirmed campuses have little control

over who gets a loan and open enrollment institutions and those serving higher risk populations will find it difficult to navigate. He noted the proposal, if enacted, could decrease access.

Responding to a question from Ms. Valdez, Mr. Feitz indicated Senator Hatch has been contacted through OCHE. Mr. Hunsaker commented on the difficulty of assigning a credit risk to students with minimal credit and unknown future job prospects. Mr. Feitz indicated majors associated with low income may be adversely affected. Responding to a question from Mr. Stoddard, Mr. Feitz confirmed the proposal has some traction as defaults continue to be high nationally. He pointed to Stevens Henegar, which has a 25.4% default rate, in Attachment 3 as an example.

The next agenda item discussed was UHEAA Board Report III-B, Success Stipend Update. Mr. Feitz indicated the Success Stipend is a state need-based grant program UHEAA administers, which is allocated based on Pell grant awards and may be used for either grants or work study jobs. He remarked nearly \$50 million has been disbursed to over 60,000 students since 1996. Mr. Feitz highlighted a quote from J.D. Robertson, Executive Director of Financial Aid and Scholarships at Dixie State University, which indicates Dixie uses most of its allocation for campus jobs and is able to fund 45 jobs per year.

Mr. Feitz commented on the competing priorities the state legislature faces which make obtaining additional funding difficult. He noted funding was at \$2.5 million last year and pointed to Attachment 2 for award history for the program, which shows funding has plateaued and begun to decline in recent years.

Mr. Feitz highlighted two student success stories from Morgan Humphries and Clint Kelly from Southern Utah University, who each have been able to persist despite difficult circumstances with the help of the Success Stipend.

The next agenda item discussed was UHEAA Board Report III-C, UHEAA Community Outreach Update. Mr. Schwanke noted UHEAA's participation in the Reach Higher FAFSA White House Summit in October 2015, where Steve Rogers reported on Utah's FAFSA completion efforts, which have increased by 20% in the last year. Mr. Schwanke remarked UHEAA Outreach hosted 21 regional "You CAN Pay for College" Nights, which had 4,300 student and parent participants. He highlighted UHEAA's Latino and Pacific Islander "You CAN Pay for College" Nights, which were attended by 880 students and parents. He pointed to a comment provided by one participant in which she said, "It's nice to know even though I'm Latina I can still go to college."

It was moved by Mr. Hunsaker and seconded by Ms. Church to adjourn the UHEAA Board of Directors Meeting. The motion carried unanimously.

Chair Stoddard adjourned the meeting at 12:23 p.m.

Executive Director, UHEAA

Date